

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 H-02 INR-10 L-03 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 NEA-10

GAC-01 TRSE-00 MBFR-03 SAJ-01 EB-11 ACDA-19 OMB-01

IO-12 OIC-04 RSR-01 /155 W
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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 6057

INFO ALL CSCE CAPITALS 215

SECDEF WASHDC

C O N F I D E N T I A L HELSINKI 1167

E. O. 11652: GDS

TAGS: PFOR, OCON

SUBJ: CSCE: FINANCIAL AND TECHNICAL WORKING GROUP

REF: HELSINKI 1105

BEGIN SUMMARY. SURFACE MOVEMENT IN FORMAL WORKING GROUP SESSIONS CONTINUED GLACIER- LIKE THIS WEEK WITH DELS MAINTAINING PREVIOUSLY STATE POSITIONS. HOWEVER, CONSIDERABLE EVIDENCE MANIFESTED ITSELF OF UNDERLYING TREND TOWARDS COMPROMISE SOLUTION. ALTHOUGH US POSITION RECEIVED LITTLE FORMAL SUPPORT (ONLY FRG OPENLY EXPRESSED QUALIFIED BACKING FOR US STANCE) NOTION THAT OUR TOTAL OPPOSITION TO UN- STYLE FORMULA WAS PERMANENT AND NOT MERE BAR-GAINING PLOY HAD SUNK IN. A PLETHORA OF FORMULAE WERE STILL BEING CIRCULATED, BUT DISCUSSION DECREASINGLY HINGED SOLUTION TO UN FORMULA AND INCREASINGLY TO HOW MANY GROUPINGS OF STATES AND WHAT KIND OF PAYMENT RATIOS WOULD PROVE ACCEPTABLE. PERHAPS MOST SIGNIFICANT DEVELOPMENT OCCURRED THURSDAY WHEN SOVIET UNION, IN FIRST SUBSTANTIVE INTERVENTION, LABELLED PREVIOUS US STATEMENT THAT TWO NATIONS SHOULD NOT BE ISOLATED IN TOP PAYMENT CATEGORY " CONSTRUCTIVE". END SUMMARY.

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1. COST SHARING FORMULAE WHICH LAST WEEK HAD BEEN SURREPTITIOUSLY HAWKED BY VARIOUS DELEGATIONS IN PASSAGEWAY EMERGED INTO DAYLIGHT IN THIS WEEK'S THREE WORKING SESSIONS. SWISS, BRITISH, CANADIAN, POLISH, MALTESE, TURKISH AND LIECHTENSTEIN DELEGATIONS ALL CIRCULATED SCHEMES OF DISTRIBUTION, WITH THAT OF LIECHTENSTEIN BEING AT ONCE MOST FLEXIBLE AND MOST ELABORATE. LATTER SETS UP SIX PAYMENT CATEGORIES, WITH NATIONS "VOLUNTARILY" PLACING THEMSELVES IN CATEGORY THEY CONSIDER SUITABLE. RATION PROPOSED BY LIECHTENSTEIN WERE 60:40:20:10:5:1 BUT THESE WERE ACKNOWLEDGED TO BE ONLY "SUGGESTIVE". PERCENTAGE PAID BY EACH COUNTRY WOULD DEPEND ON HOW MANY NATIONS PLACED THEMSELVES IN EACH CATEGORY. NOT ALL CATEGORIES NEED BE SUBSCRIBED. THE ENTIRE PACKAGE WOULD, OF COURSE, REQUIRE CONSENSUS APPROVAL.

2. TENSE MOMENT OCCURRED MONDAY MORNING WHEN MALTESE DEL, IN COMMENTING ON LIECHTENSTEIN PROPOSAL, COMPLAINED THAT PROPOSED RATIOS WERE TOO SMALL AND, IN EFFECT, DISCRIMINATORY AGAINST SMALL NATIONS WHEN COMPARED TO UN FORMULA, US DEL RESPONDED PROPOSED RATIOS CONSIDERABLY EXCEED WHAT US CONSIDERED ACCEPTABLE. MALTESE (THE ENERGETIC AND ARTICULATE GENEVA PERM REP SALIBA) THEN LAUNCHED INTO EMOTIONAL DECLAMATION ON DISPARITIES OF WEALTH AMONG WORLD'S PEOPLES. ANY EFFORT TO IGNORE LATTER, HE SUGGESTED, REEKED OF INJUSTICE AND INSENSITIVITY. US REJOINED THAT TASK OF WORKING GROUP WAS NOT TO MAKE JUDGEMENTS ON DISTRIBUTION OF WORLD'S WEALTH, BUT MORE MUNDANE LABOR OF FINDING REASONABLE DISTRIBUTION OF CONFERENCE SERVICE COSTS AMONG STATES ATTENDING REGIONAL MEETING OF LIMITED DURATION.

3. OTHER FORMULAS CIRCULATED EITHER COMBINED "ENTRANCE FEE" AND UN FORMULA (SWITZERLAND AND POLAND), PAYMENT GROUPINGS LINKED (BUT NOT IN DIRECT PROPORTION) TO UN FORMULA (UK, TURKEY, MALTA) OR CATEGORIES BASED ON NO SPECIFIED CRITERIA (CANADA).

4. POLISH PROPOSAL, CIRCULATED ONLY PRIVATELY, IS SIMILAR TO THAT OF SWISS DESCRIBED IN REFTTEL. UK FORMULA HAS SIX CATEGORIES PAYING 8.5, 6, 3.5, 2, 1.5, AND 1 PERCENT RESPECTIVELY WITH US AND SOVIETS IN CATEGORY I AND CANADA, FRANCE, UK, ITALY AND FRG IN CATEGORY II.

5. TURKISH PROPOSAL COMES IN TWO VARIATIONS, ONE HAVING SEVEN CATEGORIES, THE OTHER NINE. US AND SOVIETS FALL IN CATEGORY I IN

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BOTH ALTERNATIVES WITH EACH PAYING 10 PERCENT. FRANCE, UK, AND FRG IN CATEGORY II PAY 8 PERCENT. SIX SMALLEST STATES PAY 0.5 PERCENT. UNIQUE FEATURE OF TURKISH PROPOSAL IS BUILT IN "TRANS-LATION FEE" OF 0.5 PERCENT PAID BY FOURTEEN COUNTRIES: US, USSR, FRANCE, UK, FRG, CANADA, ITALY, GDR, SPAIN, BELGIUM, AUSTRIA, IRELAND, AND LUXEMBOURG.

6. MALTESE PROPOSAL GROUPS PARTICIPANTS IN SIX CATEGORIES ALONG LINES OF LIECHTENSTEIN SUGGESTION BUT CREATES ADDITIONAL SEVENTH CATEGORY IN HONOR OF US AND USSR. PAYMENT RATIOS ARE LEFT OPEN. CANADIAN PROPOSAL HAS FOUR CATEGORIES PAYING RESPECTIVELY 7.5, 4.0, 1.8 AND 0.5 PERCENT. US, USSR, FRG, FRANCE AND UK ARE IN CATEGORY I. CANADA, NATURALLY ENOUGH, IS IN CATEGORY II.

7. ON THURSDAY, IN REVIEW OF ITS POSITION, US OFFERED "PRELIMINARY" VIEWS ON VARIOUS PROPOSALS BEFORE WORKING GROUP AND SUGGESTED AVENUES OF COMPROMISE WITHOUT "PREJUDICING" CONTINUED ADHERENCE TO EQUAL COST SHARING. STATING OPENLY FOR FIRST TIME WHAT HE HAD PREVIOUSLY INDICATED PRIVATELY, US DEL SUGGESTED THAT 3:2:1 FORMULA WITH SEVEN LARGEST (US, USSR, FRG, FRANCE UK, ITALY, AND CANADA) AND SEVEN SMALLEST (LUXEMBOURG, CYPRUS, ICELAND, MALTA, VATICAN, LIECHTENSTEIN, SAN MARINO) NATIONS ON EITHER END MIGHT BE ACCEPTABLE. UNDER THIS SYMMETRICAL FORMULATION, TWENTY STATES WOULD EACH PAY ONE SHARE (2.9 PERCENT), SEVEN INCLUDING US WOULD PAY 1-1/2 SHARE (4.4 PERCENT), AND SEVEN WOULD PAY HALF SHARE (1.4 PERCENT). IN REJECTING UN TYPE FORMULA, US DEL MADE CLEAR THAT NOTION OF "ENTRANCE FEE" COUPLED WITH UN- FORMULA IS INADEQUATE COMPROMISE AND INSTEAD ADVOCATED CONCEPT OF SHARES AND HALF SHARES AS ABOVE. US ALSO REJECTED AS "IMPRACTICAL" TURKISH NOTION OF "LANGUAGE FEES".

8. IN COMMENTING ON UK, TURKISH AND OTHER PROPOSALS WHICH ISOLATE US AND USSR IN ONE CATEGORY, US DEL COMPLAINED OF FEELING "LONELY" AND URGED DELS TO MERGE SOME OF THE CATEGORIES IN THEIR PROPOSALS. AT THIS JUNCTURE, IN FIRST SUBSTANTIVE INTERVENTION OF WORKING GROUP DELIBERATIONS, USSR COMPLIMENTED US ON "CONSTRUCTIVE" PROPOSAL. SOVIETS, HAVING CLEARLY ENJOYED SPECTACULAR

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CLE OF US STRUGGLING TO HOLD MINI- STATES AT BAY, AT LAST OPENLY SIGNALLING WILLINGNESS TO LEND SUPPORT. SIGNIFICANCE OF SOVIET COMMENT COULD NOT HAVE BEEN LOST ON MANY DELEGATIONS.

9. IN BRIEF DISCUSSION ON "SYSTEM OF FINANCING" (PARA. 3 OF POLISH PROPOSAL FOR THE ESTABLISHMENT OF THE FINANCIAL- TECHNICAL WORKING GROUP) FINNISH REP SUGGESTED USE OF CURRENCY OF HOST COUNTRY OR OTHER CURRENCIES BY BILATERAL ARRANGEMENT WITH HOST COUNTRY. ADVANCE PAYMENTS WOULD NOT BE NECESSARY, HE INDICATED. HOST GOVT COULD PRESENT BILL EVERY TWO OR THREE MONTHS BASED ON ACTUAL COST DIVIDED ACCORDING TO AGREED SCALE OF ASSESSMENTS. QUESTIONS OF SUPERVISION OF FUNDS AND HOW PARTICIPANTS CAN BE ASSURED FUNDS ARE ACTUALLY USED AS INTENDED WERE RAISED BUT REMAINED UNANSWERED AFTER SEVERAL DELS SUGGESTED ENTIRE MATTER

BE DEFERRED UNTIL LATER TIME.

10. GROUP NEXT MEETS ON MONDAY. WHITE

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PFOR
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973HELSIN01167
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730536/aaaahwib.tel
Line Count: 174
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 HELSINKI 1105
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Sep-2001 by elyme>; APPROVED <22 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971209
Subject: CSCE: FINANCIAL AND TECHNICAL WORKING GROUP
TAGS: PFOR, OCON
To: ALL CSCE CAPITALS 215
EUR
SECSTATE WASHDC
WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005